SEPTEMBER 12, 1983 THREE DOLLARS

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Forbes

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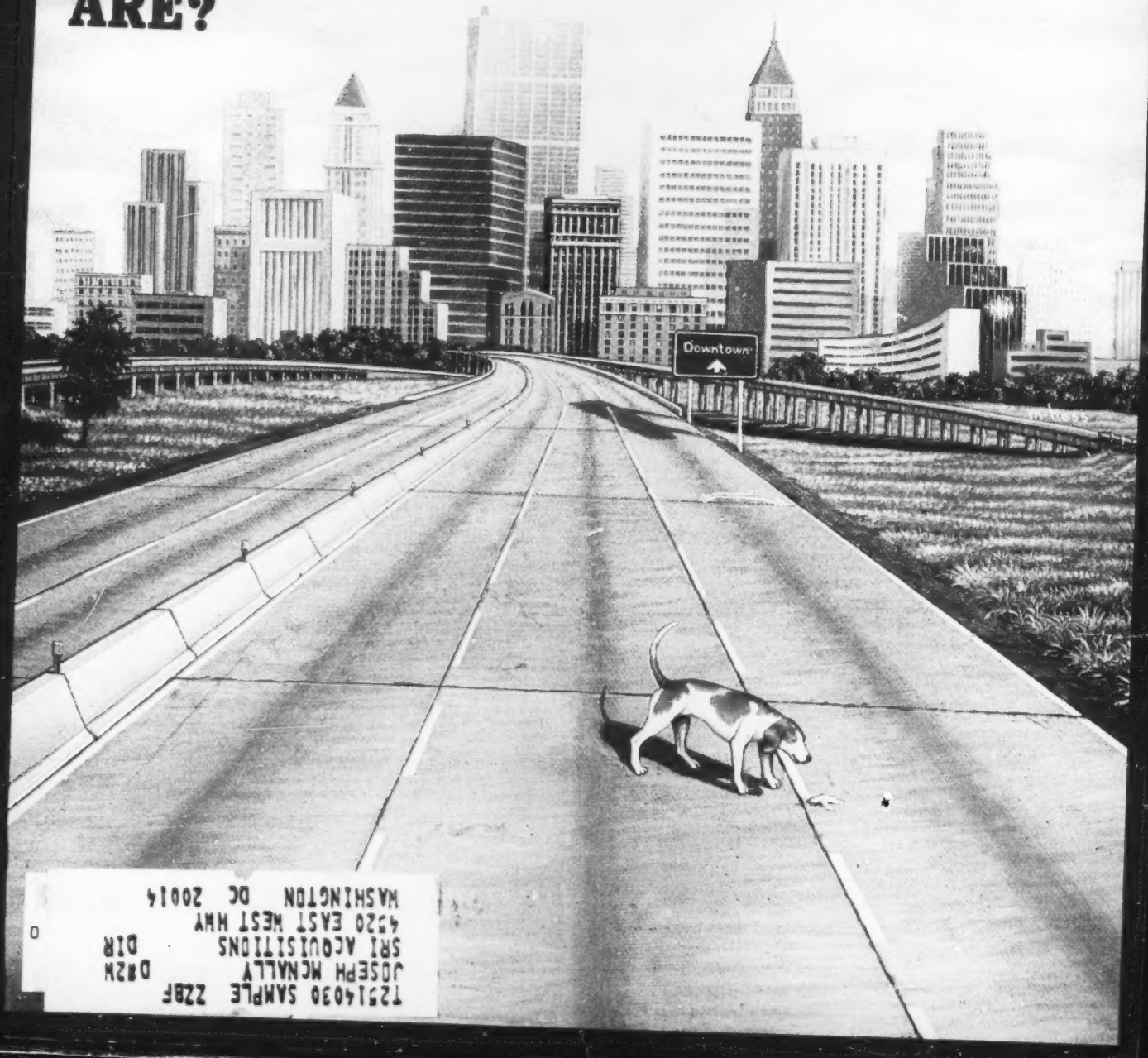

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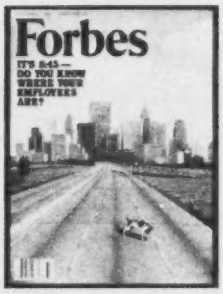

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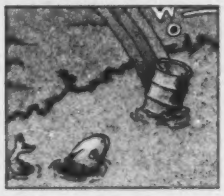

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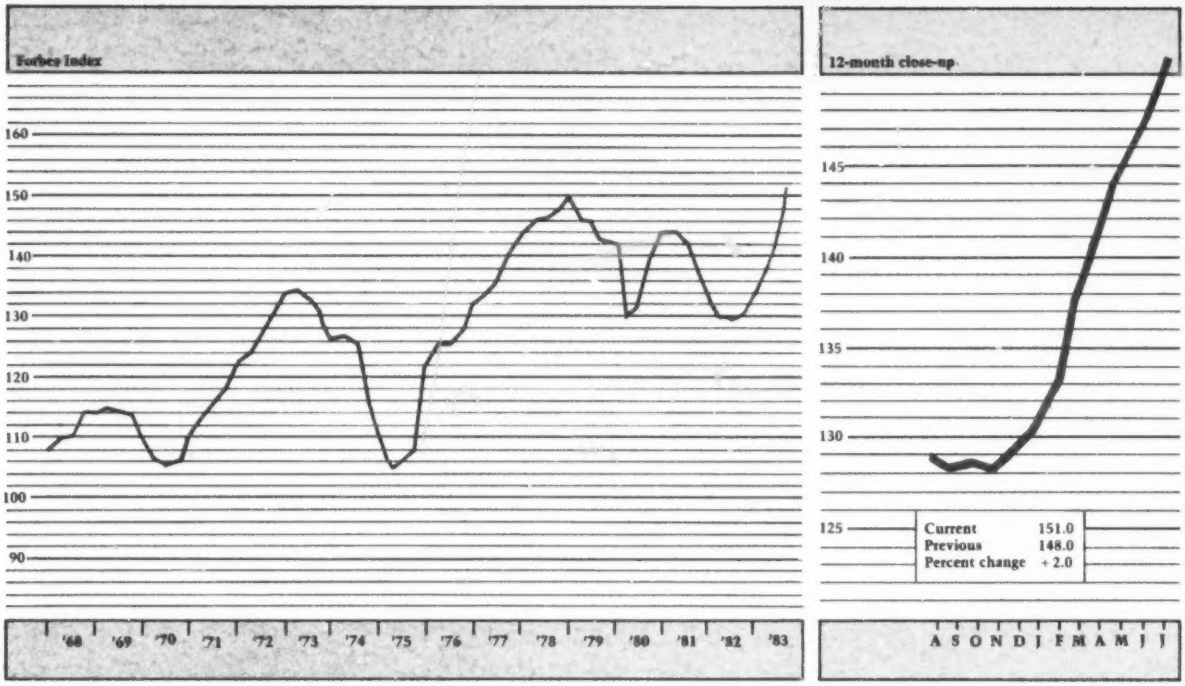
The Forbes Index



Good but not great. With a 2% gain in this reporting period, the Forbes Index continues the upward march that it began nine months ago. After gaining only 1.1% in June, industrial production increased by 1.8% in July. The latest figure for consumer installment credit shows a 1.3% gain over the previous month.

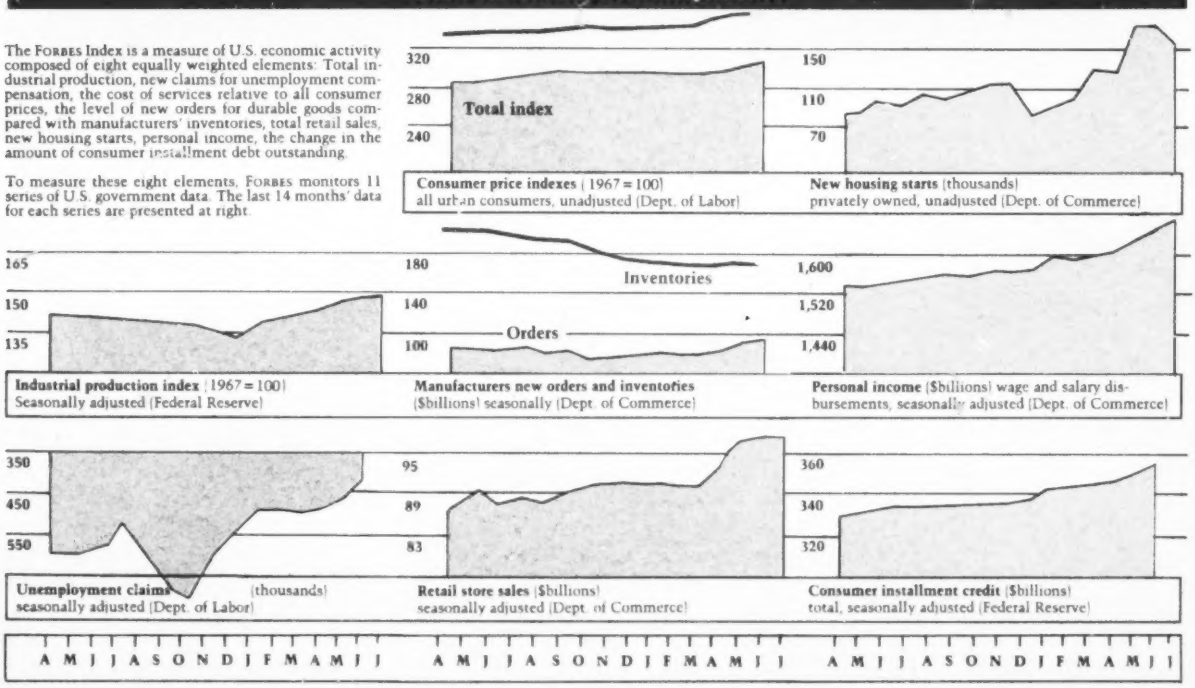
However, even though consumers were increasing installment debt, retail sales were flat in July, after a 0.3% gain in June.

Another cause for concern: New housing starts were up 46% from July of 1982 but were off 10.2% from this past June. Last year, by contrast, new housing starts jumped more than 17% from June to July. No one said this recovery was going to be easy.

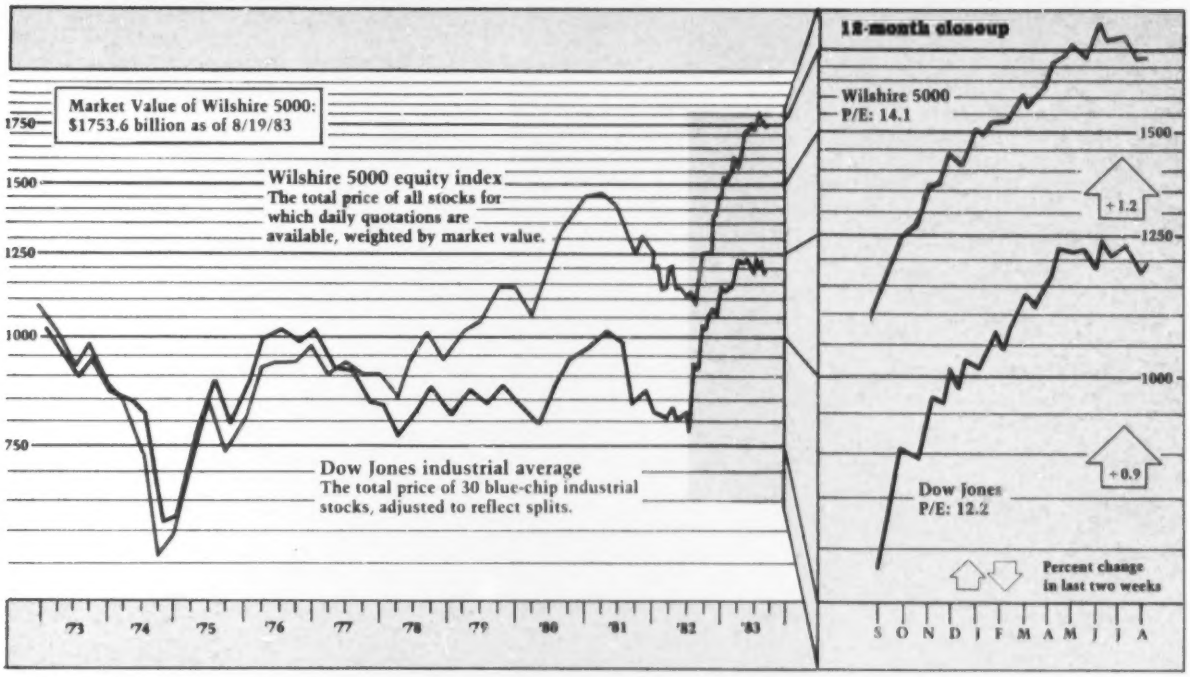
The Forbes Index Components

The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review



Getting wisdom. During the past two weeks investors worried about whether the long-anticipated correction was finished or the late-summer weakness in the market was the beginning of a long downtrend. They also became more cautious. As the yardstick measurements below indicate, shares of large companies, as well as low-volatility, high-yield and low-growth stocks, fared better than their counterparts. Despite setbacks over the four-week period, all of these conservative groups were stronger than the overall market. The Wilshire index indicates that it declined 3.5%.

During the last two weeks most averages came out slightly ahead, but the gains came at the expense of many of the secondary issues. On the winning side, the NYSE led with a 1.4% advance, while the Wilshire and the Forbes 500 were both up 1.2%. The closely watched 30 Dow industrial stocks lagged with a 0.9% advance. But Amex and NASDAQ issues declined 0.2% and 0.4%, respectively. Particularly hard hit were the highflyers. Shares that started the year with multiples of 25 or greater lost more than 8% in the last four weeks. This contrasts with a slight improvement in the overall market multiple. After declining since mid-July, the P/E on the Wilshire index moved back up a notch, from 14 to 14.1.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–3.5	–3.0	–3.0	–2.9	–6.7	–6.7
in last 52 weeks	51.2	43.2	37.4	46.8	80.8	79.1

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	–3.4	–6.0	–6.0	–1.4	–8.1	–4.4	–0.9	–5.1	–5.7	–1.5	–4.8	–5.5
in last 52 weeks	53.3	157.2	149.8	55.8	109.1	145.8	48.7	146.0	170.6	56.6	69.8	147.7

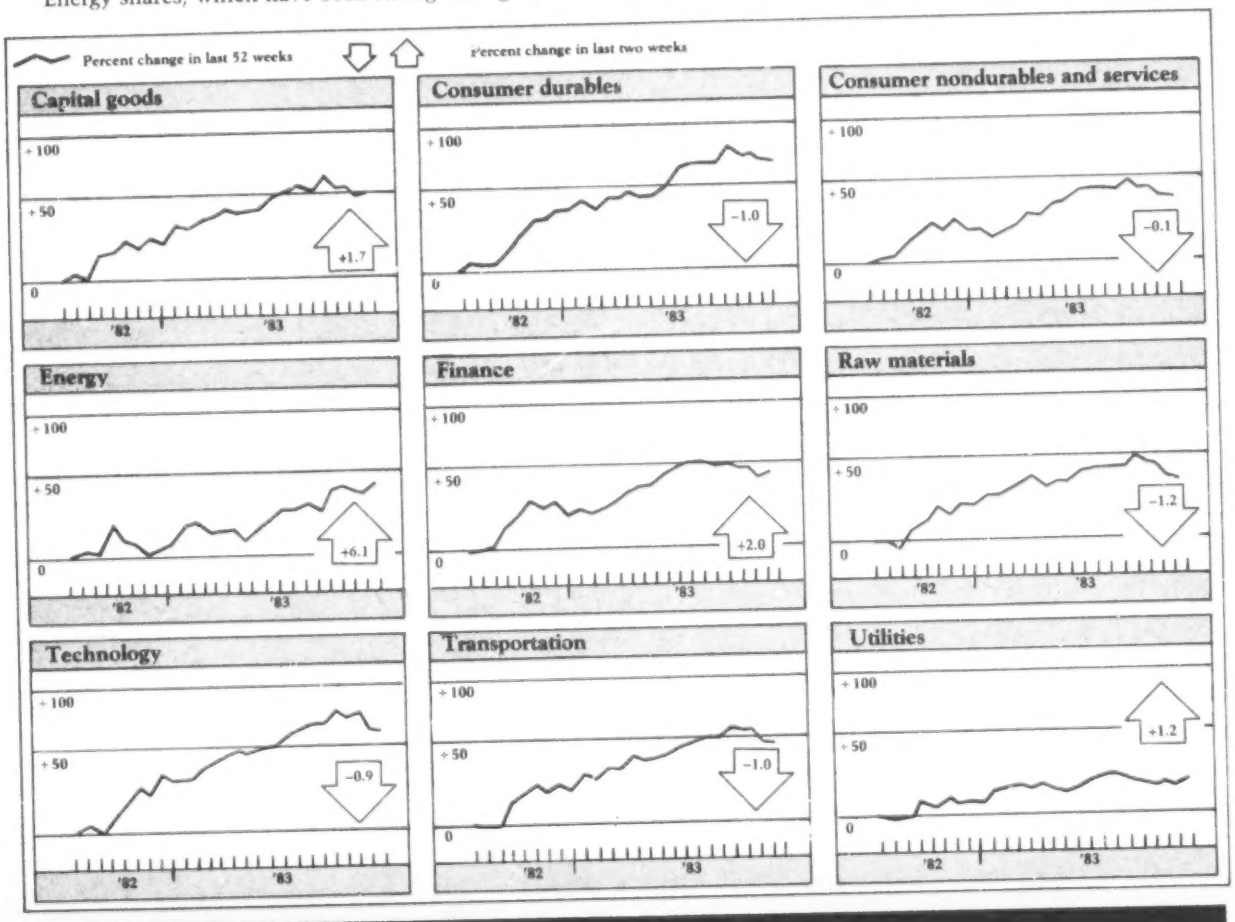
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 8/19/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Down in an up market. Although the Wilshire index shows modest gains for the two-week period, five of the nine sectors lost ground. The raw materials group dug deepest with a 1.2% decline while both transportation and consumer durable stocks fell 1%. Of the five declining groups, consumer nondurables dropped only 0.1%.

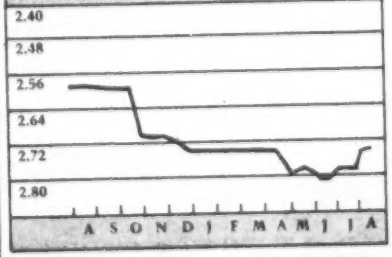
Energy shares, which have been strong throughout the summer, again bucked the negative market trend with a 6.1% advance. On a 52-week basis energy moved ahead of consumer nondurables, raw materials and utilities. Another sign of the renewed strength of the oils comes from the four-week sector performance, where energy stocks are up 3.6%, vs. declines in all other sectors. During this period, in fact, four groups lost 7% or more.



What The Analysts Think

Analysts need vacations, too. The seers of Wall Street didn't have much to say during the latest reporting period. Although none of the rankings changed, the buy/sell opinion on utilities, finance and energy strengthened while the analysts became slightly more pessimistic about raw materials, capital goods and consumer durables.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.47	1	1
2	Transportation	2.66	2	2
3	Raw materials	2.69	3	3
4	Energy	2.73	4	4
5	Finance	2.77	6	6
6	Capital goods	2.79	5	5
7	Technology	2.80	7	8
8	Consumer nondurables	2.81	8	7
9	Consumer durables	2.98	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 8/19/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Satisfied to earn 6% on a very risky investment? If so, buy a package of computer and electronics stocks. You may get a few big winners, but don't expect your entire portfolio to shine.

Long odds at the circus

By William Baldwin with Diana L. Hoadley

WELCOME BACK, Computer Usage. It was a glamour stock when computers were the rage in 1968. It fell. Now, in a new bull market, it is once again doing a high-wire act, at 130 times likely earnings for its current fiscal year. Its ups and downs should be of interest to anyone contemplating high technology as the path to riches.

Fifteen years ago this custom-programming outfit traded at 37, despite negative earnings. That gave the whole company a price tag more than twice its $13.6 million annual sales. Then the contract software business fell apart, and Computer Usage all but vanished. Last summer the stock was at 2⅛, and the employee count was down to 111 from a peak of 850.

Now, however, it's daredevil time again. Last week Computer Usage shares were up to 20 before a 3-for-2 split. That made the company worth an apparent $17 million, almost twice its annual sales volume. Why? Computer Usage is out of the passé business of custom programming. Instead, it sells software packages, such as a new $700,000 program for commercial banks.

With its revived hopes, Computer Usage has at least survived, even though it shows a negative return for those who bought late in the technology stock craze that peaked in 1968. But FORBES has done some arithmetic. It shows what a sucker's game it is to play hot technology stocks when they are sizzling. Here's what our efforts reveal.

Going back to 1968, we assumed

Center ring, 1968

On the basis of price relative to earnings, these 50 companies were the top computer and electronics stocks of December 1968. Of the group, 28 had a P/E multiple of 59 or higher, and 22 firms were running at a loss. The average annual return since then comes to 3%, assuming proceeds of cash buyouts were reinvested at market rates.

Company	1968 sales (millions)	1968 P/E	Dec '68 price	—Recent value— per share	per $1,000 invested
Advance Comp Tech	$ 2.1	88	$16.00	$ 5.25	$ 328
Aerovox Corp[1]	32.3	d	13.75	88.59	6,443
American Business Systems[1]	6.8	d	10.75	9.12	848
Am Computer Leasing Corp[1]	9.6	67	10.00	14.03	1,403
Applied Magnetics	12.0	63	14.02	28.00	1,997
Astrodata[2]	26.4	d	757.50	2.50	3
Automatic Data Proc	15.9	62	5.84	36.50	6,246
Bunker-Ramo[1]	243.2	62	52.13	24.34	467
Calif Computer Products[1]	16.6	62	35.38	21.44	606
Computer Applications[3]	42.8	59	19.50	0.00	0
Computer Equip Corp[2]	18.4	60	16.38	9.63	588
Computer Investors Group	1.7	66	23.25	0.75	32
Computer Sciences Corp	53.4	72	21.80	17.88	820
Computer Usage	13.6	d	37.00	18.50	500
Computing & Software[2]	33.7	62	41.75	21.13	506
Damon Engineering[2]	15.7	88	31.67	26.00	821
Data-Control Sys	5.7	d	16.63	0.00	0
Dickson Electronics[1]	11.9	d	23.50	32.34	1,376
Digital Equip	57.3	70	19.26	98.00	5,087
Diodes	4.0	65	10.38	6.88	663
Electronic Assoc	43.9	d	22.63	13.75	608
Fabri-Tek[1]	18.6	d	12.50	7.42	593
Fairchild Camera & Inst[1]	198.5	d	82.88	109.74	1,324
General Atronics[1]	4.5	85	9.50	3.90	410
General Kinetics	2.9	d	6.00	1.25	208
Harvard Inds	48.6	80	37.50	18.63	497
Industrial Electronic Hardware	7.5	d	4.31	9.00	2,087
Informatics[1]	9.1	93	30.63	17.41	569
Intercontinental Systems[1]	NA	d	14.50	0.23	16
International Rectifier	30.0	d	17.75	35.50	2,000
Itek[1]	126.3	96	91.25	55.07	603
Laboratory for Electronics[2]	52.9	d	24.61	14.63	594
Loral Corp	55.4	d	9.50	56.50	5,947
Management Assistance	66.9	d	57.00	10.25	180
Melpar[1]	49.5	d	9.75	16.13	1,654
Memorex[1]	58.3	64	82.25	17.47	212
Mohawk Data Sciences	44.5	94	67.75	12.63	186
National Semiconductor	7.2	71	5.56	49.25	8,864
Nytronics[1]	24.5	60	370.10	0.22	1
Planning Research	23.4	72	31.00	16.13	520
Potter Instrument[3]	20.4	61	29.25	0.00	0
Scientific Resources[4]	17.3	d	24.00	0.00	0
Sealelectro[1]	10.1	d	4.77	30.01	6,288
Servo Corp of America	5.5	d	12.50	11.75	940
Silicon Transistor[1]	4.0	d	13.00	2.34	180
Transitron Electronic	102.9	d	16.00	4.63	289
Tyco Labs	26.3	59	27.25	20.88	766
URS Systems[2]	12.3	90	29.62	28.24	954
Varian Assoc	170.8	63	16.94	55.25	3,262
Wang Laboratories	16.6	64	3.34	33.13	9,925

[1]Acquired. [2]Name change. [3]Bankrupt. [4]Liquidated. d: deficit. NA: not available.
Sources: Commerce Clearing House's Capital Changes; *Moody's Industrial Manual; Forbes*

Statistical Spotlight

that an investor bought $1,000 worth of stock in each of the 50 computer and electronics firms with the highest price-to-earnings multiples, as tracked by a familiar statistical service. A handful of the companies turned out to have been worthy of the high hopes placed on them. Wang, the word processor pioneer, has compounded its earnings per share at a 30% annual rate. National Semiconductor, which makes integrated circuits, did almost as well.

The relevant question, however, is average return. A total of $50,000 invested in these 50 companies 15 years ago would leave you with $78,400, assuming the proceeds from liquidations were invested at market rates. That isn't impressive, an annual return of roughly 3%. But consider that inflation has made the dollar today worth scarcely one-third of what it was in 1968. The real return on our high-tech portfolio turns out to be minus 4% a year. You would be peeved at any mutual fund that failed to do better.

Why did things turn out so badly? In some ways, the electronic data processing business has outdone itself. IBM's earnings now are almost as big as its sales were back then. The computer industry—hardware, programming and data transmission combined—has quadrupled in real terms to a volume of $100 billion a year. Yet the rewards didn't go to the investors in speculative computer stocks. They were crowded aside by later sources of capital and by brand-new companies. Wars, in short, are not necessarily won by the party that comes out ahead in the first skirmishes.

Now, examine the table on page 220. Here are listed today's equivalent, an assortment of 50 computer and electronics stocks with negative earnings or enormous P/Es. Imagine that the 50 corporations merge tomorrow to form Hightech Inc. What kind of company would you have? Hightech would have annual sales of $3 billion and no earnings. Still, the market values it at $4.3 billion.

Anyone who buys one of these stocks hopes that he owns the next IBM. Even so, however, the investment isn't likely to make him rich. Let's suppose Hightech's sales per share grow over the next 15 years, in real terms, as fast as IBM's have since 1968. Let's suppose, optimistically, that Hightech becomes the equivalent of IBM in its product lines, that it matures into a cash-generating

Center ring, today

Wall Street loves these technology firms. Half have deficits, the others P/Es over 100. Surely, some will be staggering successes. But others will go bankrupt. Even if the group by 1998 matches IBM's recent 15-year performance, shareholders will earn only 6% after inflation.

Company	Sales (millions)	Recent price	52 week high	52 week low	Latest 12-month EPS
AEL Industries	$ 53.8	41	44¼	12½	$0.24
Arrow Electronics	403.8	29⅞	34	9¾	–0.60
AW Computer Services	1.5	14½	19½	2½	–0.12
Biospherics	5.3	5½	7	3¼	0.04
Centronics Data Computer	82.4	24¼	28	6⅝	–3.20
Codenoll Technology	0.4	14	21	5	–1.07
Comdial	48.8	25¼	32⅝	6⅞	–0.04
Computer Memories	2.4	21¼	30	3⅝	0.12
Conolog	3.8	3⅞	4¾	⅜	0.02
Dataspeed	0.2	23¼	29½	5½	–0.36
Denelcor	1.0	14⅛	17	6	–1.56
Detection Systems	9.3	8¾	12	5½	0.07
EDO	101.8	27⅝	34⅛	8¾	–0.58
EECO	35.3	14½	15½	6½	–0.32
Energy Conversion Devices	19.8	42½	45	16	–1.68
Hadron	30.6	3⅛	4⅛	1½	0.03
Health Information Systems	6.1	27½	33½	4⅜	0.09
Intermagnetics General	5.8	15¾	22⅝	9⅜	–1.44
International Rectifier	119.2	35½	44⅞	7⅜	–1.65
La Pointe Inds	6.7	7	8¼	1¾	0.05
Lynch Communications	54.9	13¾	14⅜	7⅞	–0.46
Measurex	118.1	30	34⅞	13⅜	0.12
Nashua	597.7	26¾	28¾	8⅞	–7.88
Nicolet Instrument	93.9	18¼	19¼	7⅝	0.15
Numerax	5.6	13½	22¾	6⅝	0.09
Object Recognition Systems	0.3	13¾	16¾	4½	–0.69
Odetics	24.2	13	31	7	0.12
Optelecom	2.5	8⅛	10⅜	2⅜	0.06
Radiant Technology	4.9	1⅛	1¼	¼	0.01
Ragen Precision Inds	31.2	17⅝	24⅛	5½	0.10
Recognition Equipment	112.4	14¼	16⅝	4¼	0.12
REFAC Technology Dev	8.6	17½	20¾	11	–0.37
Rexon	9.9	14½	19	3⅛	–1.19
RV Weatherford	43.6	37	43½	3½	–1.45
Scientific-Atlanta	337.2	18⅞	22½	10⅝	–0.31
Semicon	24.5	8½	12	4	0.07
Semtech	11.7	8⅛	10	3	0.05
Silicon Systems	16.0	21⅛	25⅛	7⅜	–0.70
Siltec	39.4	20¾	26½	8¼	–0.06
Spectra-Physics	137.0	30⅜	37¼	13⅛	0.04
Switchco	NA	9¼	11⅛	3	0.07
Syntrex	30.4	9⅞	12½	5¾	0.02
T-Bar	29.6	11¾	17	6½	0.03
Technology Marketing	7.8	2⅝	4⅜	2	0.02
Tesdata Systems	13.9	13⅞	17¼	3¼	–0.03
TII Industries	23.1	18¾	23⅜	6¾	–0.89
Transitron Electronic	100.8	4⅝	6⅞	2⅜	0.01
United Telecontrol Electronics	4.5	21½	23	3¼	0.15
Wyle Labs	207.7	17	20	5	–0.18
Xicor	0.3	19½	27	6	–1.51

NA: Not available.

Source: Wilshire Associates

Statistical Spotlight

business with steady earnings, IBM's top-of-the-market profit margin of 13.5% and IBM's multiple. Then Hightech in 1998 would have a market value of $10 billion, providing a real annual return of just under 6%. Treasury bonds might do better.

One could argue that it's unfair to pick 1968 for comparison. Not surprisingly, starting from the lows in the winter of 1974-75 would have given very different results. That time was the pits for hot little stocks. If you had bought Aydin, Prime Computer, SCI, Computervision, Commodore or Gerber Scientific at that ideal juncture you would be sitting on gains of 10,000% to 20,000% now.

Is today's market more like 1968 or 1974? Judge for yourself. In 1974 Aydin Corp., a maker of computer displays and military electronics, was going for 2 times earnings. SCI was trading below book value. Computer stocks like those were almost pure Ben Graham bargains.

It's possible to be optimistic, and mostly right, about the future of technology and still remain poor. Victor Bartoletti, who has been running Computer Usage since 1970, recalls the firm's investment banker having said during the computer frenzy of the late 1960s: "We know there will be more money spent on software than on hardware. Therefore, out of these software companies is going to emerge a giant larger and more successful than IBM."

The investment banker was on target about the declining cost of hardware, which takes 45% of the data processing dollar, down from 60% in 1968. But he was wrong about software companies. Within a few years it became apparent that contract programming houses were no more like IBM than a firm of accountants or doctors. "They shouldn't have been taken public, in my opinion," says Bartoletti.

Not surprisingly, Bartoletti, Computer Usage's largest shareholder, sees the 1983 version of his company in a different light. "It's going to be a big, big seller," he says of his new $700,000 program. But since neither Bartoletti nor any of the rest of us are gifted with an ability to see the future, it's safe to say that technology and the business of exploiting it are going to veer off in unexpected directions. Which means that the legendary Hightech Inc. is going to have lots of unpleasant surprises in store for its hypothetical stockholders. ■

When public companies file for bankruptcy, their stock listings don't die. They just fade slowly into the West.

Purgatory on the Pacific

By Thomas Jaffe

"ABSOLUTELY UNBELIEVABLE." That's how James Gallagher, president of the Pacific Stock Exchange, describes the day in May when 1.8 million shares of Braniff International changed hands. At one point the stock, which finished the previous day at 2¾, hit 6½. It closed at 4⅜. A staggering 59% gain.

Why the frenzy? Hyatt Corp.'s plan to bail out the bankrupt airline. Even so, should one day's turnover amount to 9% of a company's float? That's a record for the PSE. "It is the equivalent of a single stock on the Big Board moving 40 million shares," says Gallagher, who formerly headed market operations at the New York Futures Exchange. "The most trading I ever expected to see in one of our locals was maybe 1 million shares."

Braniff isn't the only bankrupt listed on the PSE, either. There are 12 more, ranging from AM International to Wickes *(see table)*. Like many New York Stock Exchange stocks, ten of these companies were once listed dually on the PSE. Eventually they lost their Big Board status. Then the California exchange, which has trading floors in Los Angeles and San Francisco, became their primary home. Hence the term "locals."

As Gallagher explains things, the decision to let Chapter 11s continue to trade on the PSE is a boon to investors. The stocks get a visible and orderly trading environment, with a specialist for each stock. Something else, however, may be more significant. While margin trading is limited in the over-the-counter market, it is allowed on all the PSE bankrupts.

This leverage is particularly appealing to the speculators who buy such shares. The result: Even though these listings account for no more than 5% of total PSE volume, their low prices and heavy volume draw lots of customers.

They are all making risky investments. Besides being subject to violent price swings, bankrupt stocks are the favorites of some unusually smart professionals—guys who love to prey on amateurs. "If I'd been the specialist in Braniff," says one pro, "I'd have been slobbering all over myself to borrow shares to short at 6 or 6½." The current price: 1⅝.

How come tales of such volatility don't turn off more investors? "We're conditioned to believe that disasters are an inefficient segment of the market," says John Goode, chairman of San Francisco's Davis, Skaggs & Co. "Because companies like Penn Central and Chrysler emerged from their troubles successfully, everybody now thinks the whole bankrupt group is cheap. Also, investing in bankrupts used to represent the classic contrarianism. But these days contrarians have become the consensus."

Goode contends that most bankrupts are overpriced, not underpriced. Between last August and May of this year the total price of the PSE's bankrupts rose nearly 150%. "These stocks are overpriced *before* their reorganization plans have even come out. There were many investors who made a killing in Penn Central *after* the courts had decided what the new capitalization would be."

The allure of the bankrupts, however, continues to grow. And the NYSE doesn't want to lose this action. It continues to list four Chapter 11 stocks: HRT Industries, Manville, Mesta Machine and Revere Copper & Brass. "Bankruptcy does not automatically mean de-listing," says a Big Board spokesman.

Some old hands, though, don't think that keeping bankrupt companies on the NYSE will bring respectability. "When it comes to trading in Chapter 11s," snickers one PSE broker, "the difference between them and us is like the difference between a courtesan service and a whorehouse." ■

A baker's dozen bankrupts

These 13 companies may be bankrupt, but they still trade on the Pacific Stock Exchange. These days, volume is brisk.

Company/business	Bankruptcy filed	Outstanding shares (mil)*	Recent price	—52-week— high	low
AM International/business equip	1982	10.2	5½	7	–1
Berven Carpets/carpets	1982	3.7	⅝	1½	– 5/32
Braniff Intl/airline	1982	20.0	1⅝	6½	– 7/32
Dant & Russell/forest products	1982	0.8	2½	4½	–1⅛
Gilman Services/wholesale drugs	1982	3.2	11/16	3	– ⅜
Itel/trans equip leasng, fin svcs	1981	12.1	1⅝	2 13/16	– ⅜
KDT inds/retail	1982	7.3	⅜	1⅝	– 13/32
Lionel/electronics, toys	1982	7.1	4⅞	7¾	–2¼
Sambo's Restaurants/restaurants	1981	12.8	2½	4¾	–1 1/16
Saxon Inds/business equipment	1982	7.8	1⅞	3	– 7/16
Seatrain Lines/tankers, chartering	1981	14.5	1 5/16	2⅞	– ¼
White Motor/automotive	1980	9.4	¾	1 15/16	– 5/32
Wickes Cos/retail	1982	14.4	6¼	8⅛	–2 7/16

*Data supplied by Pacific Stock Exchange.

Taking a profit out of the OJ market can be hard, but this trade might do the trick.

A DIFFERENT KIND OF BREAKFAST SPREAD

By Stanley W. Angrist

Most commodity traders rarely, if ever, think of trading frozen concentrated orange juice (FCOJ). The one exception to that statement is when there is the threat of a hard freeze occurring in Florida's orange-growing region in December or January. Then everyone wants to buy. As a rule it is too late or impossible to get in at that point. Think about trading OJ while you are still sitting at the beach or pool.

The 1982-83 orange harvest is coming to a close, and Florida processors are likely to pack as much as 175 million gallons of juice, up from 133.3 million gallons in the 1982-83 crop year—an incredible 31% increase. This production level is the first increase in three years, and is chiefly because of the frost-free winter in 1983. Severe freezes in 1981 and 1982 cut total production by 25% and 24%, respectively, forcing processors to import Brazilian juice to satisfy U.S. demand.

The domestic pack this year should satisfy more than 80% of expected demand, reducing the need for Brazilian juice. So far, foreign imports are down almost 50% from the year-ago level of 70 million gallons. The USDA recently noted that Brazil is now going to concentrate its export efforts on the Middle East and Western Europe in an effort to reduce its inventories and its dependence on the U.S. market, which should also help its disastrous international debt problems.

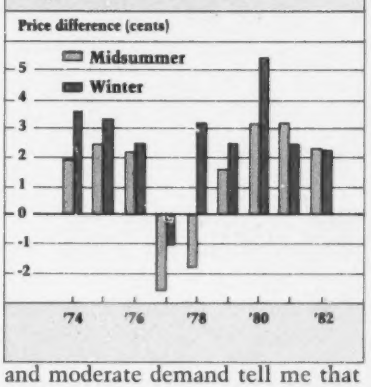
A supply/demand table is shown here for the current year, ending Nov. 30, 1983, and for the preceding four years. The outlook for substantially increased supplies is juxtaposed against a questionable demand picture. Without considerable usage expansion over the next three months, total movement of FCOJ into wholesale and retail channels will register its third consecutive annual decline. Some analysts believe that declines in unemployment and the July 1 tax cut will spur demand a bit. As of mid-July, demand, as measured by movement of product out of Florida, is down about 1%, compared with last year.

Barring a midwinter freeze, the fundamentals of increased supplies and moderate demand tell me that FCOJ's price is not going to run away. A spread with a high degree of reliability *(see chart)* involves buying May/selling January. Try to do the spread with January at least at an 80-point premium. The margin on this spread is $500; the round-turn commission about $75. ■

Stanley W. Angrist is a commodity speculator, consultant and longtime observer of the commodity markets.

Vitamin C special

In mid-summer of most years the May contract of frozen orange juice carries a premium to the January. Historically, that premium has gotten bigger as winter nears. In 14 of the last 16 years it has widened enough to generate a profit for traders. The bar on the left is the premium (or discount) of May to January in midsummer and the bar on the right is for mid-December.



Balanced breakfast

The figures below (in millions of gallons) track increasing supplies and falling demand for frozen concentrated orange juice. Note that production dropped sharply in the crop years ended in 1981 and 1982 because of severe midwinter freezes. The orange juice crop year begins Dec. 1.

	1978-79	1979-80	1980-81	1981-82	1982-83*
Supply					
Beginning stocks	30.9	37.4	57.3	69.0	53.6
Production (net)	173.1	231.3	174.5	133.3	171.5–175.1
Imports	28.7	16.5	56.9	70.3	35.0–45.0
Other	14.6	8.6	18.2	11.3	8.5
Total	247.3	293.8	306.9	283.9	268.6–282.2
Demand					
Movement	200.7	232.8	228.5	223.0	205.0–215.0
Futures delivery	9.2	6.2	12.1	7.4	5.4
Total	209.9	239.0	240.6	230.4	210.4–220.4
Ending stocks†	37.4	54.8	66.3	53.6	58.2–61.8

†Subject to year-to-year revision.

*Sources: Data—Florida Citrus Processors Association. *Estimates—Shearson/American Express.*